

# **PERFORMANCE MANAGEMENT**

## **1. PURPOSE**

The purpose of performance management is to improve individual and organizational performance, program effectiveness, and accountability by focusing on results, service quality, and customer satisfaction, and by aligning standards and elements with organizational goals and strategic plans.

## **2. BACKGROUND**

In September 1995, the Office of Personnel Management deregulated performance management, giving agencies the flexibility to redesign their current programs using summary rating patterns from two to five levels. In order to research, evaluate, and recommend program changes based on the new flexibilities, a project team of employees from all Service Center Agencies, including union representation, was formed in July 1997.

The development team concluded from its research that the two-level summary rating pattern, with the flexibility to add non-rated team performance components as developmental tools, would meet most of the needs for the Service Center Agencies. The two-level pattern decreases favoritism, increases equity and consistency in ratings, eliminates rating inflation, reduces employee complaints and grievances, improves credibility, eliminates automatic connection between ratings and awards, reduces paperwork, and focuses on actual performance and performance improvement.

## **3. LEGAL AUTHORITIES THAT GOVERN PERFORMANCE MANAGEMENT**

- USDA Performance Management System established on June 12, 1996
- Chapter 43 of Title 5 of the U. S. Code
- Title 5, Code of Federal Regulations (CFR), Part 430
- Title 5, Code of Federal Regulations (CFR), Part 432

#### 4. EFFECTIVE DATE

The effective date for this policy is October 1, 1998; however, implementation begins January 1, 1999.

#### 5. DEFINITIONS

- a. Additional Performance Element - A dimension or aspect of individual, team, or organizational performance that is not a critical or non-critical element. Such elements are not used in assigning a summary level.
- b. Appraisal - The act or process of reviewing and evaluating the performance of an employee against the described performance work plan, including oral and/or written progress reviews.
- c. Appraisal Period - The period of time during which an employee's performance will be reviewed and a rating of record will be prepared. The appraisal period generally begins on October 1 of each year and ends on September 30 of the following year.
- d. Critical Element - A component of a position consisting of one or more duties and responsibilities on which the employee is rated and which contributes toward accomplishing the goals and objectives of the organization. This work assignment or responsibility is of such importance that unacceptable performance on the element would result in a determination that the employee's overall performance is at the "Results Not Achieved" level. Performance work plans under this two-level program only contain critical elements.
- e. Customers - Internal coworkers and/or external members of the public who receive various services and/or products from Service Center Agency employees.
- f. Element Rating - The level of performance on a critical element which is determined by comparing accomplishments to the performance standard. Element rating levels are: "Results Achieved" and "Results Not Achieved".

- g. Minimum Appraisal Period - The 90-calendar-day period of time, or such other period of time as established in local negotiated labor-management agreements, during which an employee must have operated under a performance work plan and for which the employee may receive a performance rating.
- h. Opportunity to Improve - A written plan established at any time during the appraisal period when it is determined by the Rating Official that an employee is performing at the "Results Not Achieved" level in any element(s). It outlines the steps the employee should take to improve performance to an acceptable level and the length of time for which it is in effect. (See Exhibit 3, Form 4140-A, Opportunity to Improve.)
- i. Performance Standard - The management-approved expression of the performance threshold(s), requirement(s), or expectation(s) that must be met to be appraised at a particular level of performance. A performance standard may include, but is not limited to, quality, quantity, cost-efficiency, timeliness, and manner of performance.
- j. Performance Work Plan - The written document that identifies the employee's critical elements and performance standards by which s/he will be rated. It is contained on **Form 4140**, Performance Work Plan.
- k. Progress Review - A joint discussion between the Rating Official and the employee regarding the employee's progress toward achieving performance standards. It does not involve the issuance of a rating of record.
- l. Rating of Record - The final summary rating normally issued at the end of the appraisal period which becomes a part of the employee's performance file (EPF) maintained in the Servicing Human Resources Office.
- m. Rating Official - An employee's first line supervisor or other person designated with responsibility for establishing performance work plans, conducting progress reviews, and issuing final ratings of record. Typically, the Rating Official resides in the same agency as the employee being rated.
- n. Results Achieved - Element rating which means performance *meets* expectations. Also, the overall summary rating which equates to the Level 3, "Fully Successful," as specified in 5 CFR 430.208(d)(2)(iii).

- o. Results Not Achieved - Element rating indicating performance is unacceptable e.g. *does not meet* expectations. It is also a summary level which equates to the Level 1, “Unacceptable,” as specified in 5 CFR 430.208(d)(2)(i).
- p. Reviewing Official - The individual responsible for reviewing and concurring in a “Results Not Achieved” rating and resolving differences of opinion between rating officials and employees.
- q. Service Center Agencies - The mission areas of the Farm Service Agency, Natural Resources Conservation Service, and Rural Development.
- r. Team - A cooperative unit designed to accomplish a specified mission, such as those typically found in local offices, within organizational structures, assigned to specific tasks or projects, etc. Team membership is not necessarily limited to a specific agency or functional unit.

## 6. ACRONYMS

EO/CR - Equal Opportunity/Civil Rights

EPF - Employee Performance Folder

OTI - Opportunity to Improve

RIF - Reduction-in-Force

## 7. FORMS AND RECORDS

- a. Appraisal Forms. Performance work plans containing progress reviews and performance ratings conducted under this program must be recorded on **Form 4140**, Performance Work Plan. See Exhibit 1.
- b. Opportunity to Improve (OTI). An OTI is developed and documented on **Form 4140-A**, Opportunity to Improve. See section **10b(3)** of this directive for discussion of performance at the “Results Not Achieved” level and also Exhibit 3 for the form.

Distribution:  
March 30, 1999

SSBD-4140-01

Page 4

c. Records. In addition to the procedures set forth in 5 CFR Part 293, the following procedures govern the establishment and maintenance of performance records.

(1) All records must meet the requirements of 5 CFR Part 297 as well as any Departmental provisions of the Privacy and Freedom of Information Acts.

(2) Additional performance elements that are developed between a supervisor and employee and are not considered part of the rating are not to be submitted to the Human Resource Office, but are to be maintained by the supervisor and employee.

(3) Ratings of record and the performance work plans on which the ratings are based must be filed in the Employee Performance Folder (EPF) for the most recent 4 years. Ratings older than 4 years are not retained in the EPF.

(4) When the EPF of an employee is sent to another Servicing Human Resources Office in the employing agency, to another agency or department, or to the National Personnel Records Center (NPRC), the “losing” Servicing Human Resources Office shall include in the EPF the three most recent ratings of record received during the preceding 4-year period. Also, the “losing” office will purge from the EPF all ratings of record and work plans that are more than 4 years old.

## **8. RESPONSIBILITIES**

a. Agency Heads are responsible for:

(1) Tailoring Departmental policy to meet the individual needs of the Agency.

(2) Assisting in resolving concerns at the lowest possible level.

b. The Servicing Human Resources Office is responsible for:

- (1) Providing technical and operational support and advice to the rating officials to help them administer the performance management program in a manner consistent with applicable laws, rules, and regulations.
- (2) Ensuring that performance work plans and ratings of record are maintained in the Servicing Human Resources Office in accordance with the requirements in 5 CFR Parts 293 and 297.
- (3) Providing training on the performance management program and their responsibilities.
- (4) Assisting in resolving concerns at the lowest possible level.

c. Reviewing Officials are responsible for:

- (1) Reviewing and concurring in a “results not achieved” rating.
- (2) Resolving differences between employees and rating officials concerning ratings and adjusting ratings when necessary.
- (3) Assisting in resolving concerns at the lowest possible level.

d. Rating Officials are responsible for:

- (1) Informing employees of the overall mission, objectives, goals, plans, and activities of the Agency and work unit and the employee’s related duties and responsibilities.
- (2) Providing feedback to the employee through ongoing communication and actively listening and considering feedback from the employee and customers.
- (3) Providing the employee the opportunity to participate in the development of performance work plans.
- (4) Providing employees with written performance work plans which identify the critical elements related to their specific duties, responsibilities, and expected levels of performance.

(5) Conducting and documenting at least one formal progress review around the midpoint of the appraisal period and additional reviews as necessary.

(6) Completing performance ratings which include evaluating and documenting employees' actual accomplishments and determining summary levels.

(7) Recommending personnel actions and/or training, as necessary, based on the employee's level of performance in relation to the performance standards and elements.

(8) Addressing concerns at the lowest possible level.

e. Employees are responsible for:

(1) Communicating with the supervisor throughout the appraisal period.

(2) Participating in the development of performance work plans and measurable performance standards.

(3) Assuring that they have a clear understanding of their rating official's expectations and requesting clarification when necessary.

(4) Assisting in identifying training needs to enhance performance.

(5) Managing performance to achieve expectations and bringing to the rating official's attention circumstances that may affect achievement of standards.

(6) Participating in discussions of individual performance.

(7) Actively listening and considering feedback with an open mind.

(8) Providing input on accomplishments.

(9) Improving those aspects of performance identified as needing improvement.

f. The roles of Union Officials are:

- (1) Assisting management and employees to ensure that the program is administered consistent with negotiated labor-management agreements.
- (2) Assisting in resolving concerns at the lowest possible level.

## **9. COVERAGE**

This program covers all Federal USDA employees of the Farm Service Agency (FSA), Natural Resource Conservation Service (NRCS), and Rural Development (RD) mission areas, including FSA County employees, who are reasonably expected to be employed for more than 90 days. Schedule C employees are covered by this program but are not afforded any rights as established by 5 USC 4303.

Excluded from coverage are those employees expected to be employed for less than 90 days; non-Federal employees, such as Conservation District employees; and those persons employed in the Senior Executive Service.

## **10. POLICY**

It is the policy of the Service Center Agencies that, within the framework provided by this program, individual and organizational goals will be communicated to employees, individual responsibility for accomplishing team and organizational goals will be identified, employees will be provided feedback regarding performance, performance will be evaluated and improved, and performance results will be used as a basis for appropriate personnel actions. All participants in this process should expect to be held accountable for accomplishment of their performance management responsibilities as identified in this directive.

Communication between the rating official and the employee is essential throughout this process. Rating officials and employees should work together to jointly clarify how competencies apply within the work environment so that there is a common understanding about the expectations for performance. In addition, there should be a discussion of the goals of the individual work unit and the employee's involvement/contribution to unit goals for the upcoming year. The Rating Official is ultimately responsible for setting performance elements and standards.

### **A. Planning Performance**



Planning performance is the process of developing performance work plans that align individual performance with organizational goals. Focus must be placed on accomplishments (i.e., end results) rather than on activities. The Office of Personnel Management developed an eight-step method to assist organizations in developing performance plans with this emphasis. Exhibit 2, Quick Reference for Developing Employee Performance Plans that Link to Organizational Goals, outlines this process. This reference may be consulted when developing performance work plans.

- (1) Performance work plans are developed on **Form 4140**, Performance Work Plan (Exhibit 1). Work plans document progress reviews and specify the elements and the standards on which the employee will be rated.
- (2) Performance work plans under this two-level program only contain critical elements as required by the Office of Personnel Management. A performance work plan must contain at least two but no more than a total of five critical elements.
  - (a) Critical elements are work assignments or responsibilities of such importance that unacceptable performance in the element would result in a determination that the employee's overall performance is unacceptable.
  - (b) The elements should be based on organizational goals, strategic plans, position descriptions, and internal and external customer needs. Whenever possible, similar positions should have like standards.
  - (c) Sources of feedback on employee performance related to a critical element must be substantiated and documented.
  - (d) Critical elements must be based solely on the individual performance of the employee.
  - (e) Standardized (generic) performance elements have been established and are available for use in developing performance work plans.

i Timeframes and appropriate procedures, when referenced in elements, are derived directly from applicable regulatory guidelines, procedural guides, and/or agency program instructions, etc. This is so that the standard doesn't become too cumbersome and lengthy as was the case with past performance management programs.

ii When timeframes, quantity, quality, or cost-effectiveness need to be more specific or expanded from the standards provided, this may be (a) documented on an additional sheet and attached to the performance plan; (b) referenced to one of the blank numbered blocks located after the standard-ized elements; or, if possible, (c) placed directly in the block with the element.

Any elements needing additional clarification will be further defined in writing by the rating official in one of the manners described in the previous paragraph. A copy must be given to the employee at the beginning of the appraisal period along with a copy of his or her performance work plan.

iii Employees and rating officials may choose applicable elements by placing a checkmark in the appropriate block.

iv Rating officials may also write specific performance elements in the blank spaces provided at the end of the standardized elements.

v All employees must have at least one job-specific performance element which may include supervisory responsibilities, the individual's contributions to team accomplishments, execution of duties, etc., or an element may be specifically written for this purpose in the blank numbered blocks provided at the end of the standardized elements.

vi A mandatory EO/CR element, Element 9, is required as a stand-alone element for all rating officials.

vii Employees who are not rating officials must also have an EO/CR standard and this has been included with Element 10.

(3) Additional performance elements provide another tool for communicating performance expectations important to the organization. However, they are not appropriate for inclusion in the performance work plan as critical elements and will not be used in assigning a summary level. They allow employee performance plans to communicate a fuller picture of the performance that is expected. Additional elements are to be provided separately in a format best suited for the element. Team performance objectives where overall team accomplishments are being monitored and evaluated is one example. (Remember, only the individual contributions to the team, Element 12, can be evaluated under the performance work plan.)

(4) Standards should focus on accomplishments -- results, service quality, teamwork, and customer service. Standards should be established:

(a) within 30 days of the beginning of an appraisal period; or

(b) within 30 days of appointment, reassignment, promotion, detail for more than the minimum appraisal period, or when the duties of the position are substantially changed during the established appraisal period.

(5) The employee and rating official sign and date the performance work plan indicating that it has been discussed and the employee has had the opportunity to obtain a clear understanding of expectations. The employee is provided a copy of **Form 4140** and any additional clarifying information.

Where there is disagreement as to the content of performance elements and standards, the rating official's decision prevails. If the employee refuses to sign the performance work plan at the beginning of the appraisal period, the supervisor should note this in the employee's signature block. The date the plan was discussed with the employee and implemented should also be noted accordingly. Lack of the employee's signature and date on the performance work plan does not negate implementation of the plan.

(6) At the time the performance plan is developed, the employee also indicates knowledge and understanding of the standards of conduct (ethics regulations) and acknowledges that questions have been answered to their satisfaction by initialing the appropriate block.

(7) The contents of performance work plans cannot be grieved.

## B. Monitoring and Appraising Performance

The employee and rating official will meet periodically throughout the appraisal period to provide feedback relating to performance. This will be accomplished through progress reviews and performance ratings.

### (1) Progress Reviews

(a) A progress review is a joint discussion between the rating official and the employee regarding specific strengths and weaknesses in relation to the employee's performance work plan, as well as any areas of performance which are central to the employee's position. It does not involve the issuance of a rating of record.

(b) Rating officials are responsible for initiating communication with the employee about actual performance and ensuring progress reviews are held. Open dialog between the employee and the rating official is crucial during these discussions.

(c) Progress reviews are conducted one or more times during a full appraisal period. Normally, these required reviews will be accomplished during the midpoint of the appraisal period.

(d) The rating official is encouraged to make written comments concerning the employee's performance on **Form 4140** at the time of the progress review. The purpose of the written comments is to provide for a more formal identification of the employee's performance in relation to the performance work plan. Employees are encouraged to provide written comments on the form at this time, also. The employee and the rating official initial and date the appropriate blocks to indicate the discussions were held.

(e) If a progress review is not conducted, the employee has the option of contacting the rating official to inquire of the status. If the progress review is still not held, the employee may seek assistance from the second level supervisor (usually the reviewing official). Bargaining unit employees may also seek assistance from their exclusive representative. The purpose of this is to encourage resolution at the lowest possible level, make employees more responsible in their own performance, and to encourage employee involvement and participation.

(f) Failure to conduct a progress review may be grieved; however, the outcome of a progress review may not be grieved as no official rating is given.

## (2) Ratings of Record

(a) A rating of record is the final rating issued at the end of the appraisal period and it becomes a part of the employee's performance file (EPF) maintained in the Servicing Human Resources Office. A rating of "Results Achieved" or "Results Not Achieved" is assigned to each element at this time, as well as the overall summary rating.

(b) A performance work plan must be in place for the minimum appraisal period (a minimum of 90 calendar days), and normally, no longer than 15 months for a rating of record to be conducted.

(c) Normally, the rating of record is issued for the appraisal period ending September 30.

i Performance discussions and ratings will occur at the time of each position and/or supervisory change provided the employee has served under standards for the minimum appraisal period. This rating must be provided to the gaining supervisor to be considered at the time the rating of record is issued.

- Details and Temporary Promotions: At the conclusion of a detail or temporary promotion, the rating official to whom the employee was detailed will document the employee's accomplishments and forward the information to the employee's permanent supervisor. This guidance applies to any employee detailed within USDA. When an employee is detailed outside the Department, the permanent supervisor should make a concerted effort to obtain information regarding the employee's performance prior to completing the annual performance rating of record.
- Supervisory Change: Each individual who supervised the employee for 90 days or more during the appraisal period should discuss the performance with the employee, prepare feedback comments, and forward them to the current rating official.
- Position and Supervisory Change: When an employee who has occupied a position for at least 90 days leaves that position, the supervisor or rating official should prepare feedback comments on the employee's performance and forward them to the new supervisor/rating official.
- Position Change Without a Supervisory Change: When an employee changes position, but retains the same supervisor (e.g., the employee was promoted or reassigned within the same organization), the supervisor should prepare written documentation of the employee's performance. This information must be considered in the employee's rating of record.

ii All employees must be issued a rating of record annually. Employees who have not served under established standards for the minimum appraisal period must have the timeframe extended to meet this requirement. Once the minimum appraisal period has been completed, a rating of record must be issued.

(d) An overall summary rating of “Results Achieved” indicates that the employee has met the performance expectations for each element. “Results Achieved” performance equates to the Level 3, “Fully Successful”, as specified in statute.

An overall summary rating of “Results Not Achieved” means that the employee has not met performance expectations for one or more element(s) and constitutes unacceptable performance. “Results Not Achieved” performance has the same meaning and effect as “Unacceptable”, Level 1, as used in law and regulation.

i “Results Achieved” performance requires no written comments by the rating official. It requires signature by only the rating official and the employee; there is no need for the signature of the reviewing official or anyone above the level of the rating official.

ii “Results Not Achieved” performance requires mandatory written comments to be attached to the performance work plan and must be signed by the rating official and the reviewing official prior to presenting to the employee for signature. See **section 10b(3)** for further guidance on this level of performance.

The employee’s signature indicates receipt of the rating; it does not represent agreement with the rating. If the employee refuses to sign the rating of record, the rating official should note this in the appropriate block and indicate the date the rating was issued.

(e) Ratings of record may be grieved and shall be handled under the administrative grievance procedure or applicable negotiated grievance procedure.

(3) “Results Not Achieved” performance

(a) Rating officials shall discuss and consider reasonable means by which to assist employees in improving performance. Such assistance may include training, closer supervision, revision of assignments, coaching, etc.

(b) If, however, at anytime during the appraisal period one or more element(s) is found to be at the “Results Not Achieved” level, the employee should be placed under an official opportunity to improve (OTI). The purpose of an OTI is to provide the employee a reasonable opportunity to improve performance to the acceptable (“Results Achieved”) level.

(c) **Form 4140-A**, Opportunity to Improve (Exhibit 3) will be completed jointly by the rating official and employee with the technical assistance of the Servicing Human Resources Office. It will be signed by the rating official and the employee indicating receipt and implementation of the plan. The employee’s signature is not required, however, to implement the plan.

Components of the plan consist of:

- i The length of time for which it is to be in effect. The duration will be determined by considering:
  - the type of position for which the OTI is being prepared,
  - the types of improvement needed,
  - the amount of reasonable time necessary to demonstrate the acceptable performance (but no less than 60 days), and
  - applicable negotiated labor-management agreements.



- ii The element(s) in which performance is unacceptable, specific deficiencies, and required improvement to raise performance to the “Results Achieved” level.
- iii The support/assistance to be provided to the employee.
- iv The frequency of follow-up reviews. In determining the frequency of reviews, consideration should be given to the length of the OTI. Upon completion of each follow-up review, the rating official and employee will initial and date in the appropriate block of **Form 4140-A**.
- v The final review will state whether performance meets or does not meet expectations. If it does not meet expectations, then the rating official must provide written comments supporting this determination. The rating official will contact the Servicing Human Resources Office to determine further action necessary, i.e. reassignment, demotion or removal.

(d) Employees who improve their performance to the acceptable level during the improvement period must sustain acceptable performance.

- i Should the employee’s performance return to the unacceptable level in the same element(s) within 12 months from the commencement date of the improvement period, a performance-based adverse action (i.e., demotion or removal) or other alternative action (i.e., reassignment) may be proposed without the benefit of an additional improvement period.
- ii Should performance fall to the unacceptable level in a different element(s) during this 12-month period, the employee must be given another improvement period for this element(s).

(e) Prior to the implementation of this policy (January 1, 1999), administrative actions initiated against employees whose performance has been determined to be unacceptable as defined under 5 USC 4303) shall continue to be processed under applicable procedures.

### C. Linkage of Ratings of Record to Other Personnel Actions

Personnel decisions are made on the basis of merit with appropriate consideration of employee performance. All judgments about performance must be fair and equitable and may not be based upon non-merit factors such as sex, race, color, national origin, religion, personal favoritism, age, marital status, political affiliation, sexual orientation, mental or physical disability, or other non-merit reasons.

(1) Within-Grade Increases (WGI). Employees may be granted WGI's when the current level of performance and most recent rating of record are "Results Achieved". When a WGI decision is not consistent with the employee's most recent rating of record, the rating official should contact the Servicing Human Resources Office to determine what further action is necessary.

(2) Promotions. No employee shall receive a promotion unless the most current rating of record is "Results Achieved". Rating officials and employees should be aware, however, that a "Results Achieved" rating is not the only criteria for promotion.

(3) Training and Development. The performance appraisal process may be used as a basis for identifying the training needs of employees. Additional performance elements are particularly useful for this purpose.

(4) Reduction-in-Force (RIF). Annual ratings of record are used to establish service credit and retention standing for RIF purposes. An employee will not be assigned a new rating of record for the sole purpose of affecting retention standing. To provide adequate time to properly determine an employee's retention standing prior to a RIF, a general or specific RIF notice will specify the date after which no new rating of record will be given that could be used to determine retention standing.

Retention Standing. According to Departmental policy (as contained in Personnel Bulletin No. 351-1, Reduction in Force), the crediting of performance ratings issued on or after October 1, 1997, is subject to Office of Personnel Management (OPM) regulations on whether all the ratings within the competitive area were issued under a single rating pattern.

(a) Ratings issued under multiple (or different) rating patterns. Where these ratings do not conform to a single rating pattern, the following crediting plan will be used to determine the years to be credited.

Rating Pattern	No. of Summary Rating Levels	Level 1 (Unacceptable or equiv.)	Level 2 (Marginal or equiv.)	Level 3 (Fully Successful or equiv.)	Level 4 (Superior or equiv.)	Level 5 (Outstanding or equiv.)
A	2 levels	0	N/A*	16	N/A	N/A
B	3 levels	0	N/A	13	N/A	17
C	3 levels	0	N/A	13	17	N/A
D	3 levels	0	0	17	N/A	N/A
E	4 levels	0	N/A	12	15	18
F	4 levels	0	0	14	N/A	18
G	4 levels	0	0	14	17	N/A
H	3 levels	0	0	14	16	18

\*N/A means “not applicable” to this rating pattern, i.e., this level is not used in this pattern.

The numbers represent the number of years to be credited for a rating at that level and under that pattern.

(b) Ratings within the same pattern. Where all ratings within the specified period and competitive area are in the same pattern, the OPM provision for using the pattern of crediting 20 years of service for a level 5 rating, 16 years service credit for a level 4 rating, and 12 years for a level 3 rating will be used. *This provision is also used for all ratings issued before October 1, 1997.* In addition, this regulation for crediting service applies to all ratings issued before October 1, 1997, regardless of the rating pattern being used.

For complete guidance on RIF procedures, see the Support Services Bureau Directive (SSBD) which discusses this topic.

(5) Quality Step Increases (QSIs). QSIs may be granted to employees who demonstrate sustained performance of high quality significantly above that expected at the “Results Achieved” level. Procedures and criteria for nominating and approving QSIs are covered in the Employee Recognition Policy.

(6) Other Employee Recognition. Work accomplishments may be recognized under the Employee Recognition Policy.

#### D. Program Evaluation

Ongoing evaluation of the performance management program will be conducted by the Support Services Bureau (SSB) in order to identify continuous improvement opportunities and to make adjustments to the overall policy. Evaluation of overall organizational results, employee satisfaction, and consistency with mission objectives will promote the continued enhancement of a performance management program supportive of critical organizational results.